

STATE BUDGET AND CONTROL BOARD
MEETING OF May 15, 2007

BLUE AGENDA
ITEM NUMBER 9

AGENCY: Executive Director

SUBJECT: Economic Development (2007 Ceiling Allocations)

The initial balance of the 2007 state ceiling allocation is \$367,306,165. In accord with Code Section 1-11-520, \$146,922,466 (40% of the total) was designated as the state pool and \$220,383,699 (60% of the total) was designated as the local pool. There is presently a state ceiling balance of \$328,391,165 remaining for 2007. Allocation requests for 2007 totaling \$74,790,000 have been received thus far.

The recommendations from the Department of Commerce for allocations for this cycle total \$19,000,000. The Department of Commerce makes the following recommendations for allocation:

From the local pool:

JEDA, CNC Components and Millwork (Beaufort County), \$10,000,000; and
JEDA, Watson Engineering (Piedmont, SC), \$9,000,000;

If the Board approves the recommended request, this will leave an unexpended state ceiling balance of \$309,391,165 (state pool - \$146,922,466; local pool - \$162,468,699) to be allocated later in the calendar year.

BOARD ACTION REQUESTED:

In accord with Code Section 1-11-500 et seq. and upon the recommendation of the Department of Commerce, grant the following tentative ceiling allocations:

JEDA, CNC Components and Millwork (Beaufort County), \$10,000,000; and
JEDA, Watson Engineering (Piedmont, SC), \$9,000,000.

ATTACHMENTS:

2007 Ceiling Allocation Requests; Smith 5/4/07 Memo; Code Section 1-11-500 et seq.

2007 South Carolina State Ceiling
Balance remaining as of May 15, 2007, if allocation requests are approved

State Pool (40%)	146,922,466
Local Pool (60%)	220,383,699
Certified State Ceiling 2007	367,306,165

Date	Governmental Unit	Name of Project	Pool Total	Amount Allocated	Balance Available	Certified for Issue	Issue Date	Attorney
01/04/07	STATE POOL		146,922,466					

TOTAL, STATE POOL								
01/04/07	LOCAL POOL		146,922,466	0	146,922,466	0		
01/30/07	Hampton County	Carolina Soya, LLC	220,383,699	9,250,000		9,250,000	02/22/07	Miller
01/30/07	JEDA	Appalachian Engineered Floors		0		0	expired	Smith
01/30/07	JEDA	Blue Ridge Log Cabins/BRLC Prop.		8,000,000				Galloway
01/30/07	JEDA	ACI Industries, Inc.		7,000,000		7,000,000		Seezen
03/06/07	JEDA	Woodhead, LLC		4,125,000		4,125,000		McKinney
03/06/07	JEDA	Bondtex, Inc.		2,000,000				McKinney
03/06/07	JEDA	Innovative Fibers, LLC		8,540,000				McKinney
05/15/07	JEDA	Ra-Bo-Nette Properties, LLC		0		0	relinquished	McKinney
05/15/07	JEDA	GNC Components and Millwork, Inc.		10,000,000				McKinney
05/15/07	JEDA	Watson Engineering		9,000,000				Lucas

TOTAL, LOCAL POOL	220,383,699	57,915,000	162,468,699	20,375,000
GRAND TOTAL	367,306,165	57,915,000	309,391,165	20,375,000

2007 Ceiling Allocation Requests

Recd.	Issuing Authority	Project	Request	Cumulative	Bond Counsel	Request		Location	NOTES
						Alloc	St.Law		
1	01/08/07	Hampton County	Carolina Soya, LLC	9,250,000	Pete Miller	x	x	Hampton County	
2	01/08/07	JEDA	Appalachian Engineered Floors	6,000,000	E. Tyler Smith	x	x	Laurens County	
3	01/08/07	JEDA	Blue Ridge Log Cabins/BRLC Prop.	8,000,000	Kathleen McKinney	x	x	Spartanburg County	
4	01/09/07	JEDA	ACI Industries, Inc.	10,000,000	Robert S. Galloway, III	x	x	Laurens County	
5	01/09/07	JEDA	Woodhead, LLC	7,500,000	Michael J. Seezen	x	x	Alken County	
6	02/12/07	JEDA	Bondlex, Inc.	2,000,000	Kathleen McKinney	x	x	Spartanburg County	
7	02/12/07	JEDA	Innovative Fibers, LLC	8,540,000	51,290,000 Kathleen McKinney	x	x	Spartanburg County	
8	02/12/07	JEDA	Ra-Bo-Nette Properties, LLC	4,500,000	55,790,000 Kathleen McKinney	x	x	Spartanburg County	
9	04/23/07	JEDA	GNC Components and Millwork, Inc.	10,000,000	65,790,000 Kathleen McKinney	x	x	Beaufort County	
10	04/23/07	JEDA	Watson Engineering	9,000,000	74,790,000 April Lucas	x	x	Piedmont, SC	

2007 South Carolina State Ceiling Allocations

Summary, CY 2007

2007 State Ceiling	367,306,165
Initial Allocations	74,790,000
Expired/Relinquished	16,875,000
Actual Allocations	57,915,000
Certified for Issue	28,375,000
Carried Forward	0

Balance Available: 309,391,165

Issuer	Name of Project	Allocation Amount	Expired/ Relinquished	Certified for Issue	Issue Date	Attorney
Allocation:1/30/07 Expiration:4/30/07						
Hampton County	Carolina Soya, LLC	9,250,000		9,250,000	2/22/07	Miller
JEDA	Appalachian Engineered Floors	6,000,000	6,000,000		expired	Smith
JEDA	Blue Ridge Log Cabins/BRLC Prop.	8,000,000		8,000,000	3/30/07	McKinney
JEDA	ACI Industries, Inc.	10,000,000	3,000,000	7,000,000	3/28/07	Galloway
JEDA	Woodhead, LLC	7,500,000	3,375,000	4,125,000	3/28/07	Seezen
Allocation:3/6/07 Expiration:6/04/07						
JEDA	Bondtex, Inc.	2,000,000				McKinney
JEDA	Innovative Fibers, LLC	8,540,000				McKinney
JEDA	Ra-Bo-Nette Properties, LLC	4,500,000	4,500,000			McKinney
Allocation:5/15/07 Expiration:8/13/07						
JEDA	GNC Components and Millwork, Inc.	10,000,000				McKinney
JEDA	Watson Engineering	9,000,000				Lucas



Mark Sanford
Governor

SOUTH CAROLINA
DEPARTMENT OF COMMERCE

Joe E. Taylor, Jr.
Secretary

MEMORANDUM

To: Delbert Singleton

From: Daniel Young *ADY*

Cc: C. Anthony Smith

Date: May 4, 2007

Re: May 15th Budget & Control Board Meeting - Tax-Exempt Allocation

Upon the request of the Budget & Control Board, the South Carolina Department of Commerce evaluates allocation requests that pertain to economic development.

After review of those seeking allocation at this time, Commerce recommends tax-exempt allocation to the following projects at the March 6th Budget & Control Board meeting:

Name	Amount	Score	County
CNC Componets & Millwork, Inc	\$10,000,000	3	Beaufort
Watson Engineering, Inc.	\$ 9,000,000	2	Anderson
Total	\$19,000,000		

The Department of Commerce does not have any recommended deferrals for this meeting.

If you have any questions, I will be happy to reply.

Attachments

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ARTICLE 3.

ALLOCATION OF STATE CEILING ON ISSUANCE OF PRIVATE ACTIVITY BONDS

SECTION 1-11-500. Calculation and certification of state ceiling.

The state ceiling on the issuance of private activity bonds as defined in Section 146 of the Internal Revenue Code of 1986 (the Code) established in the act must be certified annually by the Budget and Control Board secretary based upon the provisions of the act. The board secretary shall make this certification as soon as practicable after the estimates of the population of the State of South Carolina to be used in the calculation are published by the United States Bureau of the Census but in no event later than February first of each calendar year.

SECTION 1-11-510. Allocation of bond limit amounts.

- (A) The private activity bond limit for all issuing authorities must be allocated by the board in response to authorized requests as described in Section 1-11-530 by the issuing authorities.
- (B) The aggregate private activity bond limit amount for all South Carolina issuing authorities is allocated initially to the State for further allocation within the limits prescribed herein.
- (C) Except as is provided in Section 1-11-540, all allocations must be made by the board on a first-come, first-served basis, to be determined by the date and time sequence in which complete authorized requests are received by the board secretary.

SECTION 1-11-520. Private activity bond limits and pools.

- (A) The private activity bond limit for all state government issuing authorities now or hereafter authorized to issue private activity bonds as defined in the act, to be known as the "state government pool", is forty percent of the state ceiling less any amount shifted to the local pool as described in subsection (B) of this section or plus any amount shifted from that pool.
- (B) The private activity bond limit for all issuing authorities other than state government agencies, to be known as the "local pool", is sixty percent of the state ceiling plus any amount shifted from the state government pool or less any amount shifted to that pool.
- (C) The board, with review and comment by the Joint Bond Review Committee, may shift unallocated amounts from one pool to the other at any time.

SECTION 1-11-530. Authorized requests for allocation of bond limit amounts.

- (A) For private activity bonds proposed for issue by other than state government issuing authorities, an authorized request is a request included in a petition to the board that a specific amount of the state ceiling be allocated to the bonds for which the petition is filed. The petition must be accompanied by a copy of the Inducement Contract, Inducement Resolution, or other comparable preliminary approval entered into or adopted by the issuing authority, if any, relating to the bonds. The board shall forward promptly to the committee a copy of each petition received.
- (B) For private activity bonds proposed for issue by any state government issuing authority, an authorized request is a request included in a petition to the board that a specific amount of the state ceiling be allocated to the bonds for which the petition is filed. The petition must be accompanied by a bond resolution or comparable action by the issuing authority authorizing the issuance of the bonds. The board shall forward promptly to the committee a copy of each petition received.

(C) Each authorized request must demonstrate that the allocation amount requested constitutes all of the private activity bond financing contemplated at the time for the project and any other facilities located at or used as a part of an integrated operation with the project.

SECTION 1-11-540. Limitations on allocations.

(A) The board, with review and comment by the committee, may disapprove, reduce, or defer any authorized request. If it becomes necessary to exercise this authority, the board and the committee shall take into account the public interest in promoting economic growth and job creation.

(B) Authorized requests for state ceiling allocations of more than ten million dollars for a single project are deferred until after July first unless the board, after review and comment by the committee, determines in any particular instance that the positive impact upon the State of approving an allocation of an amount greater than ten million dollars is of such significance that approval of the allocation is warranted.

SECTION 1-11-550. Certificates by issuing authority and by board.

(A) An allocation of the state ceiling approved by the board is made formal initially by a certificate which allocates tentatively a specific amount of the state ceiling to the bonds for which the allocation is requested. This tentative allocation certificate must specify the state ceiling amount allocated, the issuing authority and the project involved, and the time period during which the tentative allocation is valid. This certificate must remind the issuing authority that the tentative allocation is made final after the issuing authority chairman or other duly authorized official or agent of the issuing authority, before the issue is made, certifies the issue amount and the projected date of issue, as is required by subsection (B) of this section. It also may include other information considered relevant by the board secretary.

(B) The chairman or other authorized official or agent of an issuing authority issuing any private activity bond for which a portion of the state ceiling has been allocated tentatively shall execute and deliver to the board secretary an issue amount certificate setting forth the exact amount of bonds to be issued and the projected bond issue date which date must not be more than ten business days after the date of the issue amount certificate and it must be before the state ceiling allocation involved expires. The issue amount certificate may be an executed copy of the appropriate completed Internal Revenue Service form to be submitted to the Internal Revenue Service on the issue or it may be in the form of a letter which certifies the exact amount of bonds to be issued and the projected date of the issue.

(C) In response to the issuing authority's issue amount certificate required by subsection (B) of this section, the board secretary is authorized to issue and, as may be necessary, to revise a certificate making final the ceiling allocation approved previously by the board on a tentative basis, if the secretary determines that:

- (1) the issuing authority's issue amount certificate specifies an amount not in excess of the approved tentative ceiling allocation amount;
- (2) the issue amount certificate was received prior to the issue date projected and that the certificate is dated not more than ten days prior to the issue date projected;
- (3) the issue date projected is within the time period approved previously for the tentative ceiling allocation; and
- (4) the bonds when issued and combined with the total amount of bonds requiring a ceiling allocation included in issue amount certificates submitted previously to the board by issuing authorities do not exceed the state ceiling for the calendar year. Except under extraordinary circumstances, the board secretary shall issue this certificate within two business days following the date the issue amount certificate is received.

(D) In accordance with Section 149(e)(2)(F) of the Code, the secretary of the Budget and Control Board is designated as the state official responsible for certifying, if applicable, that certain bonds meet the requirements of Section 146 of the Code relating to the volume cap on private activity bonds.

(E) Any tentative or final state ceiling allocation granted by the board before the effective date of this act remains valid as an allocation of a portion of the volume cap for South Carolina provided under Section 146 of the Code. The allocations expire in accordance with the regulations under which they were granted or extended and their validity may be extended or reinstated in accordance with the provisions of Sections 1-11-500 through 1-11-570.

SECTION 1-11-560. Time limits on allocations.

(A) Any state ceiling allocation approved by the board is valid only for the calendar year in which it is approved, unless eligible and approved for carry-forward election or unless specified differently in the board certificates required by Section 1-11-550.

(B) Unless eligible and approved for carry-forward election or unless specified differently in board certificates required by Section 1-11-550, each state ceiling allocation expires automatically if the bonds for which the allocation is made are not issued within ninety consecutive calendar days from the date the allocation is approved by the board.

(C) In response to a written request by the chairman or other duly authorized official or agent of an issuing authority, the board, acting during the period an approved allocation is valid, may extend the period in which an allocation is valid in a single calendar year by thirty-one consecutive calendar days to a total of not more than one hundred twenty-one consecutive calendar days.

(D) In response to a written request by the chairman or other authorized official or agent of an issuing authority, the board may reinstate for a period of not more than thirty-one consecutive calendar days in any one calendar year part or all of an allocation approved but not extended previously in accordance with subsection (C) of this section in that same calendar year which has expired. The reinstatement request must certify that the authorized request submitted previously is still true and correct or a new authorized request must be submitted.

(E) A tentative ceiling allocation is canceled automatically if the chairman or other authorized official or agent of the issuing authority involved fails to deliver the issue amount certificate required by Section 1-11-550 to the board secretary before the bonds for which the allocation is made are issued.

(F) The chairman or other authorized official or agent of an issuing authority shall advise the board secretary in writing as soon as is practicable after a decision is made not to issue bonds for which a portion of the state ceiling has been allocated. All notices of relinquishment of ceiling allocations must be entered promptly in the board's records by the board secretary.

(G) Ceiling allocations which are eligible and approved for carry-forward election are not subject to the validity limits of this section. The board shall join with the issuing authorities involved in carry-forward election statements to meet the requirements of the Internal Revenue Service.

SECTION 1-11-570. Budget and Control Board to adopt policies and procedures.

The Budget and Control Board, after review and comment by the committee, may adopt the policies and procedures it considers necessary for the equitable and effective administration of Sections 1-11-500 through 1-11-570.